AMERICAN TRANSMISSION COMPANY®

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June 19, 2011

Rob Danielson
Town of Stark Committee on Energy Planning
S3897 Plum Run Road
La Farge, WI 54639

Dear Rob,

Thanks for your letter regarding the Badger Coulee Transmission Line Project. We are still in the early stages of planning, and your input helps us identify areas that may offer reduced impacts on communities and the environment.

I've enclosed responses and supporting information for the questions from your April 18 letter. Please note that some of the questions are not within the project scope, do not have a definitive answer at this time, contain unfounded assertions, or request information that is not readily available from ATC. In some cases, I have referred you to outside entities, which may provide you with the information you are seeking. You are invited to attend the second round of open houses to discuss the project with experts and provide feedback. At this round, the focus will be on potential corridors for the project. Information on the eight open house locations is enclosed along with a project map. You are welcome to attend any of the open houses.

Following the open houses, we will begin to evaluate preliminary routes and will host two more rounds of open houses with more specific route information in 2012. We anticipate submitting a formal application to the Public Service Commission of Wisconsin in 2013 for authorization to construct the transmission line. Please contact us if you have questions. If you are unable to attend but would like to submit additional comments, please do so using the enclosed form, or email your comments to localrelations@atcllc.com. All comments received on the project will be submitted with our application to the PSC. For more information about the project or to sign up for email updates on the project, please visit www.BadgerCoulee.com.

Thanks,

Jon Callaway
Sr. Local Relations Representative
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(1) I don't understand why Wisconsin needs the Badger-Coulee transmission line, or how the state's electric customers would benefit from it. Wisconsin generates more electrical energy than it uses so it appears this line would run electricity over us, to sell energy from the west and our reserves to points east. Please explain if and how the line would benefit the state, and the Kickapoo Valley specifically.

ATC studies indicate that the proposed project would deliver benefits to Wisconsin that exceed the costs of constructing the project, including the Kickapoo Valley area, and the Midwest region by improving electric system reliability, delivering economic benefits for Wisconsin utilities and electric consumers, and expanding infrastructure to support greater use of renewable energy. Power in the Midwest Independent System Operator (MISO) market is bought and sold every hour of the day. While there may be "extra power" in Wisconsin from a kilowatt-hour standpoint, this may not be the cheapest energy that is available in the market at that time. The Badger Coulee project will allow utilities to access that cheaper power when it's available. A presentation about the benefits of this project is available at www.BadgerCoulee.com.

(2) Locally we presently receive power from Dairyland Power's Genoa and Alma plants which are not operating at full capacity and have extra power to sell. So, normal day-to-day power will not come to us from the Badger-Coulee Line. Since we will have to look at these ugly towers which will reduce our property values, etc., and we will have to pay for the line though receiving very, very little power from this line, why is this line good for us?

The Badger Coulee line would provide utilities with greater access to the wholesale electricity market with potential savings that can be passed on to electric consumers. Power in the Midwest Independent System Operator (MISO) market is bought and sold every hour of the day. While there may be "extra power" in Wisconsin from a kilowatt-hour standpoint, this may not be the cheapest energy that is available in the market at that time. The Badger Coulee project will allow utilities to access that cheaper power when it's available.

ATC studies indicate that the proposed project would deliver benefits to Wisconsin, including the Kickapoo Valley area, and the Midwest region by improving electric system reliability, delivering economic benefits for Wisconsin utilities and electric consumers, and expanding infrastructure to support greater use of renewable energy. A presentation about the benefits of this project is available at www.BadgerCoulee.com.

(3) The PSC's Strategic Energy Assessment Executive Overview states, The economic downturn in the past two years, coupled with the state's generation construction in the past several years, creates a current state of excess capacity…Wisconsin now has a comfortable planning reserve margin. Adequacy and reliability are expected to remain robust, with a planning reserve margin forecast through 2016 above 15%: Given this assessment, why does ATC advocate the building of the Badger Coulee high voltage transmission line rather than other cost saving alternatives such as closing older, inefficient and polluting coal plants?

The same PSC Strategic Energy assessment notes, "While Wisconsin is enjoying sufficient capacity, the other half of the power picture–moving energy from the generation source to customers–is an ongoing challenge."

ATC takes a long term approach to planning and analyzing electric transmission system needs. If approved, the Badger Coulee line would be in service date in 2018.

The Badger Coulee line could allow the closing of older coal plants should the utilities wish to do that. It takes much longer to build transmission than to close a power plant and, given mandatory reliability standards, the transmission needs to be available before the power plant can be closed. While Badger Coulee is not designed to allow any particular power plant to close the availability of more market access could allow utilities to close some power plants, should they choose to do so. Even without this additional benefit, the Badger Coulee line provides significant benefits over and above its costs in most or all futures studied.

Our mission is to provide reliable electric transmission service to our customers. As a public utility whose infrastructure serves as the link in transporting electricity to millions of electricity users, ATC has duties and responsibilities to:

- operate the transmission system reliably,
- assess the ability of the system to adequately meet current and future needs,
- plan system upgrades to meet those needs in the most efficient, effective and economic ways,
- construct upgrades in time to meet those needs, and
- maintain the transmission equipment and surroundings to minimize opportunity for failures.

(4) We already have had and are now paying for recent upgrades to the transmission line, why should we be transporting energy we don't need to communities in Illinois, Indiana, etc?

Power moves in many ways throughout the transmission grid and into and out of Wisconsin. It is possible that power moved on the Badger Coulee transmission line will be transported throughout Wisconsin and the entire Midwest region. However, in 2010, ATC customers used the transmission system to import electricity more than 88 percent of the time. A strong transmission grid benefits all electric ratepayers throughout the entire Midwest region. Badger Coulee does provide regional benefits in addition to local benefits. This is one of the reasons that the Midwest Independent System Operator has included the Badger Coulee line as part of the portfolio that may be paid for by all ratepayers across the 14-state MISO region. If Badger Coulee is accepted for this cost sharing, ATC customers will pay approximately 10-15% of the total cost of the line.

Our studies indicate that the proposed project would deliver benefits to Wisconsin, including the Kickapoo Valley area, and the Midwest region by improving electric system reliability, delivering economic benefits for Wisconsin utilities and electric consumers, and expanding

infrastructure to support greater use of renewable energy. A presentation about the benefits of this project is available at www.BadgerCoulee.com.

(5) Why should people in Wisconsin be expected to help pay for a transmission line that they do not need or want?

ATC studies indicate that the proposed project would deliver benefits to Wisconsin, including the Kickapoo Valley area, and the Midwest region by improving electric system reliability, delivering economic benefits for Wisconsin utilities and electric consumers, and expanding infrastructure to support greater use of renewable energy. A presentation about the benefits of this project is available at www.BadgerCoulee.com. Based on the current project cost estimates and schedule, the cost of the project to an end user will be less than 1% of their electric bill.

(6) I'm not trying to push this off to some other community and make it their problem. In fact I'm wondering if this line is as needed as they say it is. With the growing of green power in our area and in surrounding states, is this new line really an alternative?

ATC plans to submit an application for this project in 2013. The PSC will evaluate the need and benefits of the project and ultimately decide if this transmission line project is needed.

ATC and the Midwest ISO believe that a more robust grid is needed to accommodate the needs of the future including renewable resources and the market. ATC believes Badger Coulee is an integral part of meeting the needs of the future and the Midwest ISO will evaluate its benefits as part of a larger portfolio of projects that are needed across the Midwest. That analysis is expected to be completed by December 2011.

ATC studies indicate that the proposed project would deliver benefits to Wisconsin, including the Kickapoo Valley area, and the Midwest region by improving electric system reliability, delivering economic benefits for Wisconsin utilities and electric consumers, and expanding infrastructure to support greater use of renewable energy. A presentation about the benefits of this project is available at www.BadgerCoulee.com.

(7) Who is the primary target for consumption of the power that this line would provide?

Primary beneficiaries are Wisconsin electric utilities, however, electric ratepayers in the Midwest region would also benefit.

(8) Some people have expressed the view that because ATC only builds and maintains high voltage transmission lines, is allowed/guaranteed a profit of 12.2% by federal regulators, and distributed over $170 million to your utility company owners in 2009, that ATC has a conflict of interest in evaluating the need for additional transmission lines, such as Badger Coulee. Could you comment on this view?

We acknowledge that some people may have that view. However, our mission is to provide reliable electric transmission service to our customers and we are required by both state and

federal law to continuously evaluate the ability of the transmission system to provide the needed reliability. We can be subject to as much as $1 million a day in fines if we do not evaluate the need for additional transmission lines. As a public utility our infrastructure serves as the link in transporting electricity to millions of electricity users. Our business model has been and continues to be successful in meeting this mission.

The PSC will evaluate the need and benefits of the project and ultimately decide if this line is needed. In addition, it is being evaluated independently by the Midwest ISO as part of a portfolio of projects that are needed to safely and reliably move energy, including renewable energy, across the Midwest. Both the evaluation by the Midwest ISO and the approval needed by the PSC provide the protections for Wisconsin ratepayers regarding the need for projects.

ATC did distribute approximately $170 million to its owners in 2009 and approximately$175 million in 2010. Distribution information is included in our annual reports, which are posted online at www.atcllc.com.

(9) The ATC 10 year plan states that, 'the Midwest ISO has studied these projects [Badger Coulee and Madison to Dubuque] extensively. MISO has identified both these projects as "starter projects" for a larger, renewable transmission build out.' Please clarify what the larger transmission build
out entails, and specifically, what points the build out will connect and how many additional transmission lines will be required.'

The Midwest ISO (www.midwestmarket.org) undertook a study in the 2008 to understand the transmission needs that would be created by all the Renewable Portfolio Standards across the Midwest. The results of that study (the Regional Generator Outlet Study) showed that a transmission build out costing between $12-$20 billion would be needed to safely and reliably deliver the wind power needed to meet the Renewable Portfolio Standards.

MISO is currently evaluating its initial "Candidate MVP Portfolio" of projects, also known as the "starter projects." This includes 17 projects across several states and have a total cost of $4.8 billion. Badger Coulee is among those projects. MISO has taken an incremental approach to the overall buildout they believe is needed and the initial "Candidate MVP Portfolio" is that incremental approach. Please contact the Midwest ISO for more information about the regional transmission system and the Regional Generator Outlet Study.

ATC publishes a 10-Year Transmission System Assessment each year (http://www.atc10yearplan.com/). I've enclosed a copy for your review. It contains transmission planning information that ATC makes available to the public.

(10) Since the main purpose of the Badger Coulee line is to get cheaper electricity from the Dakotas, what is the total cost of the line from the Dakotas to Madison? How is this total cost going to be funded?

This question is beyond the scope of the Badger Coulee project. ATC is responsible for proposing the Badger Coulee project and not in a position to address the cost of projects outside of this service area.

Please contact the Midwest ISO (www.midwestmarket.org) for more information about the regional transmission system.

The current estimated cost of the Badger Coulee project is $425 million. As currently proposed, the cost of the project would be spread throughout electric ratepayers in the ATC service area.

(11) Can Vernon Electric customers expect the facility charge on their electric bills to increase as a result of the Badger-Coulee project? If so, by how much?

As currently proposed the cost of the project would be spread throughout electric ratepayers in the ATC service area, which does not include Dairyland Power Cooperative, of which Vernon Electric Cooperative is a customer. If the project is designated as a Multi-Value Project by the Midwest ISO, the regional transmission grid operator, the cost could be shared throughout the entire Midwest region, which would include Vernon Electric customers.

Under any of these scenarios, it is anticipated that the rate impact to electric consumers would be less than 1 percent.

(12) We would help pay for the line in our electricity charge, but, with the exception of a fee paid the towns and counties, it appears the stock holders of the utility companies who are members of ATC would receive the main profit. Please tell us what portion of the cost would be paid by ratepayers in the Badger Coulee study area, and how much that would be per month for how long.

As currently proposed the cost of the project would be spread throughout electric ratepayers in the ATC service area, which does not include Dairyland Power Cooperative customers. If the project is designated as a Multi-Value Project by the Midwest ISO, the regional transmission grid operator, the cost could be shared throughout the entire Midwest region, which would include Vernon Electric customers.

Under any of these scenarios, it is anticipated that the rate impact to electric consumers would be less than 1 percent.

(13) If you go through our land, our property value will go down. What's the estimated loss (per acre)? What will you pay us if you do this?

Please see the enclosed landowner relations fact sheet for more information about real estate and easements.

(14) Who selects the appraisers that determine fair market value for the right of way thru property owners land? Who are they hired by?

Please see the enclosed landowner relations fact sheet for more information about real estate and easements.

(15) Do you also pay us for the timber you cut down, or is it our own responsibility to sell that, or what happens to that?

Please see the enclosed landowner relations fact sheet for more information about real estate and easements.

(16) What happens if there are homes or buildings along the path you take?

When proposing project routes, ATC works to minimize impacts to homes or buildings. It is extremely rare for the PSC to order a route that displaces people from their residences.

(17) How much of ATC's net profits will be directly invested in the proposed Badger Coulee line?

None. As currently proposed, the cost of the project would be spread among electric ratepayers in the ATC service area.

(18) What are the dimensions of the towers, in terms of total height and width at the base, that are able to carry two 345 kV circuits and one 69 kV circuit over flat and hilly lands of the type encountered between Avalanche and Hillsboro?

This question is beyond the scope of the project at this time. The information required to answer this hypothetical question has not been developed.

(19) What are the dimensions of the towers, in terms of height and base width, that are able to carry two 345 kV circuits and one 138 kV circuit over flat lands of the type encountered between Cashton and Viroqua?

This question is beyond the scope of the project at this time. The information required to answer this hypothetical question has not been developed.

(20) How much maximum power - in megawatts - will the initial wires be designed to potentially carry?

The initial ATC planning estimate of the designed capacity will be in the range of 1,200 to 1,800 megawatts.

(21) Since electricity is coming from the Dakotas to Madison, what are the names of the power plants and wind farms in the Dakotas that will be supplying electricity? Include name, how much electricity will be supplied over the line, type of plant (Le. dirty coal, wind), and date the plant/farm started.

This question is outside of the project scope. However, the Badger Coulee line could potentially enhance the ability of locally supplied renewable energy. This is because the Badger Coulee line would provide a more efficient path for electricity to flow, thus providing a potential reduction in flows on transmission lines serving local load.

The electric grid is one large interconnected system in which power flows according to the laws of physics. The Midwest ISO, through its daily electricity market, determines which power plants will run at any given time of the day in order to maintain the reliability of the system and provide the most cost effective power over their entire market. Where the power is produced changes every five minutes and there is no way to tell which power is flowing over which lines at any given point in time.

ATC does not buy or sell power, and thus cannot comment on power plants and wind farms that distribution utilities may choose to obtain power from. The American Wind Energy Association (AWEA, www.awea.org) is an excellent resource for information on wind power.

(22) Will the construction of these lines make it "financially" easier or more difficult to supply locally produced renewable energy to the area?

If there were locally produced renewable power in the area near this line, the line could make it "financially" easier to supply locally produced renewable energy to the area. Any generators who want to connect to the transmission system must go through the Midwest ISO's Generator Interconnection Queue. In that process the proposed generator's impact on the transmission system is studied. If the generator causes a need for additional transmission, at a minimum they need to finance that transmission until their generator is built and producing power. At a maximum the generator would need to pay for a significant portion of the transmission upgrade. If the transmission system is robust in an area and the line is already there, the generator can interconnect to the system at a much lower cost.

This line also makes it much easier to access renewables from more wind-rich areas to the west of Wisconsin. When renewable energy is produced by wind, placing the generator in an area with more wind means that fewer wind turbines need to be built to produce the same amount of energy. ATC has estimated the value of this benefit as part of the study of the Badger Coulee project and the benefit ranges from $50-$340 million over the lifetime of the project depending on the scenario. This benefit is known as the Renewable Investment Benefit. More information about this benefit can be found on ATC's Ten-Year Assessment website: http://www.atc10yearplan.com/documents/RIBStakeholderPresentation-1-19-11.pdf.

(23) What percentage of renewable energy will be mandated to be carried on the line. If not, why not?

There is not a renewable energy mandate for the Badger Coulee line. Wisconsin currently has a 10% by 2015 renewable portfolio standard. It is up to utilities to determine how to meet this mandate.

The electric grid is one large interconnected system in which power flows according to the laws of physics. The Midwest ISO, through its daily electricity market, determines which power plants will run at any given time of the day in order to maintain the reliability of the system and provide the most cost effective power over their entire market. Where the power is produced changes every five minutes and there is no way to tell which power is flowing over which lines at any given point in time.

(24) I'm a 34 year old husband and father of six. It is to my understanding that a new electrical line may be routed in my area of Webster Township. As a concerned father and future dairy producer, I am concerned about the health risks that may be introduced my area and surrounding communities. As a former Bou-Matic (dairy equipment supplier) tech. I've seen the affects of improper electrical grounding, high cell count, low production and high cull cow rate. It's a very costly problem to have as a dairy producer. I am very concerned that if this line is introduced to this area (in fact it could be routed directly through my farm) of the long term affects that it could have on my dairy and families health, ultimately making us move from our home area.

This comment will be submitted along with ATC's application to construct the Badger Coulee line. For your information, the Public Service Commission of Wisconsin provides materials on a variety of electric transmission topics, available here: http://psc.wi.gov/theLibrary/publications.htm#Electric.

(25) Since the soil and rocks in the Coulee region is Karst which has many hidden caves and sinkholes, what will ATC do to ensure their towers will not sink away and the tower concrete will not leach coal ash into our drinking water?

Transmission pole foundations are designed for each specific location, taking into account soil type as well as any special geographical features.

ATC has an environmental monitoring process in place to ensure any potential impact to the environment is avoided or minimized.

(26) What are the dangers to people going under or near these lines?

There are no conclusive studies stating that going under or near transmission lines are a danger to a person's health. However, extreme caution must always be taken when going near high voltage transmission lines–electrical workers and others are required to maintain OSHA-mandated safe distances from these energized lines.

(27) How many nuclear power plants will this project be involving? What are their locations?

The Badger Coulee line will not directly connect to any nuclear plants. Due to the nature of the transmission grid, it is possible for power from a nuclear power plant as well as other power plants and wind farms to be moved on this line.